

**Internal Revenue Service  
P.O. Box 2508  
Cincinnati, OH 45201**

**Department of the Treasury**

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**Employer Identification Number:**

**Contact Person - ID Number:**

**Contact Telephone Number:**

LEGEND

UIL 4945.04-04

B= Name of Grant  
C= Country  
u= \$Amount of Annual Award  
x= Number of Annual Awards

Dear

We have considered your request for advance approval of your grant-making program under section 4945 (g)(1) of the Internal Revenue Code, dated May 14, 2010.

Our records indicate that you are recognized as exempt from federal income tax under section 501(c)(3) of the Code and that you are classified as a private foundation as defined in section 509(a).

The purpose of B will be for a recipient to attend a university, technical college or other qualified educational program. It is expected that the benefit will be used by the recipient for tuition, books, or living expenses while attending school. B will not be limited to educational institutions in C. Although not all schools are required to be in C, the grants will be for courses at an accredited school or educational institution that qualifies under IRC Sections 509(a)(1) and 170(b)(1)(A)(ii).

The amount of each scholarship is intended to be in the range of u for x students. The grant funds will not be used to compensate recipients for performing personal services. The program does not require any services to be performed before, during, or after the applicant received a scholarship.

B is to assist children who display both the merit and need to continue their education, including international recipients. Therefore the potential recipients are broad enough to constitute a charitable class. The program is designed to identify those in need. There is no limit on the potential number of individuals who would be eligible to apply. Nor is there a limit on potential applicants.

Grant recipients will not be chosen from any particular educational or scientific institution, or from any particular geographic location.

You have indicated that you will comply with the procedures outlined by the United States Treasury Department's Office of Foreign Assets Control (OFAC) in regards to the scholarship program. The organization agrees that the following items will be a permanent part of the grant recipient files maintained:

- The basic information of the grantees: name in English, in the language of origin, listing of any other aliases
- Jurisdiction in which the grantee maintains a physical presence
- Any available historical information to assure of their identity and integrity
- Address, email address, phone number of the grantee, each place of business of the grantee, individuals or entities to which the grantee provides support, and any subcontracting organizations, as applicable
- A statement of principal purpose of the grantee including details of their projects and goals
- Copies of any public filings or releases made by the grantee, as applicable
- Details of the grantee's sources of income

In addition to the above permanently maintained files, you also intend to conduct your own basic vetting of the grantee prior to awarding any scholarships. This basic vetting process would include a reasonable search of publically available information to determine whether the grantee is suspected of any activities relating to terrorism, terrorist financing, or any other form of terrorist support.

In addition, prior to issuing any scholarships, you will review the OFAC's master list of Specifically Designated Nationals and the United Nations Security Council's list to ensure the grantee is not included or otherwise subjected to sanctions or their country of affiliation is not sanctioned.

You will require that the grantee certify they do not deal with any individuals, entities, or groups subject to OFAC sanctions or any other person known to the foreign grantee to support terrorism or to have violated OFAC sanctions.

You have not yet developed a formal application for the program. You have indicated that B will be promoted on the foundation's web site. You will also accept recommendations for the scholarships from sources outside of the organization.

Only applicants who would qualify for both merit and need will be considered for B. Minimum standards will be implemented to ensure candidates would be of high character, show a history of diligence as it relates to their education and show the need for financial assistance. Both merit and need will be strongly considered during the selection process. The grants will be awarded on an objective and nondiscriminatory basis. The grant in no way will be based on the status of an individual being an employee of a particular employer.

Your board will rank applicants based on their merit and need. The board will make all final decisions. No applications will be accepted on behalf of any disqualified persons, including those who have any relation to the creator, founder, officers, trustees, or donors to the foundation. All necessary procedures will be undertaken to ensure that no award is given to any disqualified person relative to the foundation or that is inconsistent with the purposes set forth in IRC Section 170(c)(2)(B).

The grant will be disbursed directly to the school. If this is not possible due to any school's specific requirements, the funds will be disbursed to the student and additional documentation of the payment to the school will be required. All funds are to be used for educational expenses only. You will require annual substantiation of all educational expenses.

Annual supervision will include obtaining reports from each recipient, grade transcripts and, where applicable, proof that enrolled students are in good standing with their institution of study.

Awards will be made as needed, each semester or annually. Any recipients who withdraw from their educational program would be required to re-apply and show reasonable cause for their withdrawal. In this case you will also work with the educational institution in order to maintain the grantees' educational standing.

If any misuse of grant funds is discovered, you will investigate fully and pursue recovery of such funds.

As long as the individuals who have received scholarships continue to excel in their studies, lack the means to pay for their education, and adhere to the documentation and record keeping requirements of the foundation, you intend to renew the scholarships until the applicants have finished their studies (generally up to 4 years).

You have agreed to maintain records that include the following:

- Information used to evaluate the qualifications of potential grantees;
- Identification of the grantees (including any relationship of any grantee to the private foundation), the amount and purpose of each grant; and
- All grantee reports and other follow-up data obtained in administering the private foundation's grant program

Sections 4945(a) and (b) of the Code impose certain excise taxes on "taxable expenditures" made by a private foundation.

Section 4945(d)(3) of the Code provides that the term "taxable expenditure" means any amount paid or incurred by a private foundation as a grant to an individual for travel, study, or other similar purposes by such individual, unless such grant satisfies the requirements of subsection (g).

Section 4945(g) of the Code provides that section 4945(d)(3) shall not apply to individual grants awarded on an objective and nondiscriminatory basis pursuant to a procedure approved in advance if it is demonstrated that:

- (1) The grant constitutes a scholarship or fellowship grant which is subject to the provisions of section 117(a) and is to be used for study at an educational organization described in section 170(b)(1)(A)(ii);

- (2) The grant constitutes a prize or award which is subject to the provisions of section 74(b), if the recipient of such prize or award is selected from the general public, or
- (3) The purpose of the grant is to achieve a specific objective, produce a report or similar product, or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar capacity, skill, or talent of the grantee.

Section 53.4945-4(c)(1) of the Regulations provides that to secure approval, a private foundation must demonstrate that:

- (i) Its grant procedure includes an objective and nondiscriminatory selection process;
- (ii) Such procedure is reasonably calculated to result in performance by grantees of the activities that the grants are intended to finance; and
- (iii) The foundation plans to obtain reports to determine whether the grantees performed activities that the grants are intended to finance.

Based on the information submitted and assuming your award programs will be conducted as proposed with a view to provide objectivity and nondiscrimination in making the awards, we have determined that your procedures for granting the awards comply with the requirements contained in section 4945(g) of the Code and that awards granted in accordance with such procedures will not constitute "taxable expenditures" within the meaning of section 4945(d)(3).

In addition, we have determined that awards made under your procedures are excludable from the gross income of the recipients subject to the limitations provided by section 117 of the Code.

This determination is conditioned on the understanding that there will be no material change in the facts upon which it is based. It is further conditioned on the premise that no grants will be awarded to foundation managers, or members of the selection committee, or for a purpose that is inconsistent with the purpose described in section 170(c)(2)(B) of the Code.

The approval of your award program procedures herein constitutes a one-time approval of your system standards and procedures designed to result in awards which meet the requirements of section 4945(g)(1) of the Code. This determination only covers the grant programs described above. Thus, approval shall apply to subsequent award programs only as long as the standards and procedures under which they are conducted do not differ materially from those described in your request.

Any funds you distribute to individuals must be made on a true charitable basis in furtherance of the purposes for which you are organized. Therefore, you should maintain adequate records and case histories so that any or all award distributions can be substantiated upon request by the Internal Revenue Service.

This determination is directed only to the organization that requested it. Section 6110(k)(3) of the Code provides that it may not be used or cited as a precedent.

**You must report any future changes in your grant making procedures. Please keep a copy of this letter in your permanent records.**

**We have sent a copy of this letter to your representative as indicated in your power of attorney.**

**If you have any questions, please contact the person whose name and telephone number are shown above.**

**Sincerely yours,**

**Lois G. Lerner  
Director, Exempt Organizations**

**Enclosure: Notice 437  
A redacted copy of this letter**